

## IV MANAGING PERFORMANCE

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### Further reading

- Manual on Performance Management and Development



# **INTRODUCTION**

## **MANAGING PEOPLE FOR BETTER RESULTS**

The Regulations emphasise an integrated approach to planning work and to managing performance. You should therefore study Part IV together with the rest of the Guide.

While giving executing authorities new powers to determine a performance management system for their departments, PSR VIII sets requirements that differ substantially from the traditional approach to performance in the public service.

Part IV of the Guide includes guidelines about:

- Developing a performance management system for your department; and
- Implementing and managing performance agreements for senior managers.

## **REQUIRED APPROACH TO MANAGING PERFORMANCE**

In line with the emphasis on managing resources for better results, the new approach to performance management does the following:

- It looks ahead by setting clear objectives as well as time frames for achieving them.
- It emphasises measurable outputs and outcomes for those objectives.
- It links performance planning to strategic planning. Strategic objectives are cascaded down the hierarchy of the department, and are fully integrated into the working practices and management structures of the department.
- It requires a commitment to continuous improvement through regular performance assessment and support, like coaching and training.
- It supports affirmative action.



# DEVELOPING A PERFORMANCE MANAGEMENT SYSTEM

## INTRODUCTION

The new management framework gives you as an executing authority the final discretion to select a performance management system for your department.

This guideline gives a summary of regulatory requirements and key considerations that you can use in exercising that discretion. It includes the following:

- Key considerations
- Selecting a performance management system
- Piloting a performance management system
- Transitional arrangements.

Should you require more comprehensive guidance, you could study the *Manual on Performance Management and Development* that is available from the Department of Public Service and Administration.

## KEY CONSIDERATIONS

In future, executing authorities will be accountable for the performance of their departments. The Regulations require you to do the following:

- Implement a performance management system for your department;
- Manage performance in accordance with prescribed principles; and
- Provide a head of department with a written performance agreement.

Keep in mind that the Regulations only set minimum requirements. You should also consider the circumstances and needs of your department in developing a performance management system.

Remember that performance assessment is an integral part of performance management. The Regulations give minimum requirements that departments must meet when developing such instruments.

## SELECTING A PERFORMANCE MANAGEMENT SYSTEM

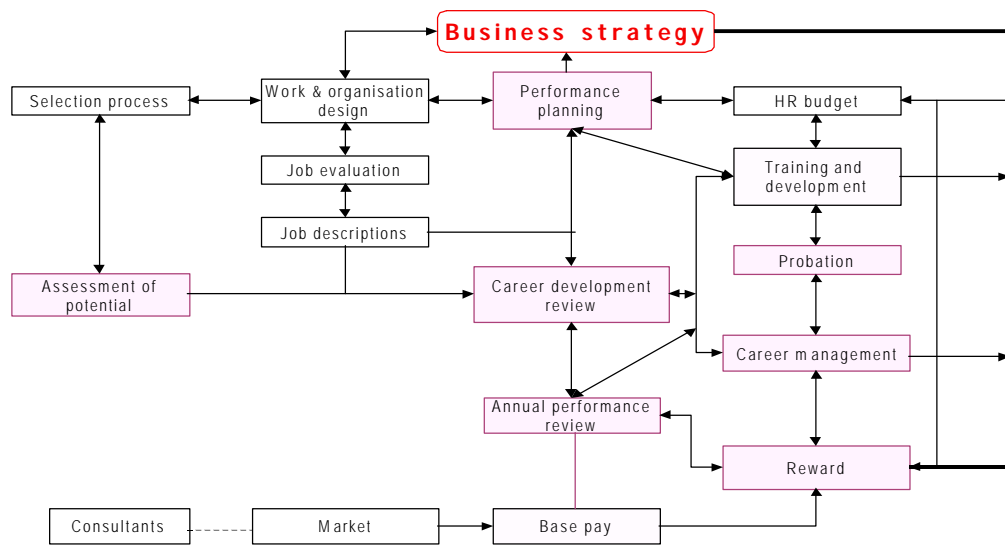
Even though it is not prescribed in the Regulations, you should consider developing a comprehensive system over time. This will enable you to manage the performance of the department as a whole; the performance of teams; as well as the individual employees. Some ideas about managing the performance of the individual employee are given here:

### Link performance management to other organisational and human resource practices

The diagram on the next page shows how performance planning links up with the various forms of planning and practices that are required by departments:

Notice how performance planning links with:

- Assessing the potential of applicants during the selection process;
- Probation;
- Managing career development;
- Annual performance reviews; and
- Granting of rewards.



**Diagram: Linking Performance Planning with other Planning**

## See performance management as a continuous process

Perhaps one of the most important concepts of performance management is that it is a continuous process. It should reflect good management practices of setting direction, monitoring and measuring performance, and taking appropriate action.

## Designate a supervisor for each employee

PSR VIII.B.3 requires that a supervisor is designated to manage an employee's performance.

As the supervisor, you must explain the performance assessment procedure to your employee before the assessment cycle starts, or within one month after the person has been appointed or promoted to a post. You also need to inform the employee of the criteria you are using for the performance assessment.

You should meet with your employees regularly to discuss their basic objectives and what successes or failures they have experienced.

Together, the supervisor and employees should agree on performance objectives and targets. These objectives should directly link to the overall objectives of the section or department.

## Communicate and give feedback

PSR VIII.B.4 requires a supervisor to give the employee feedback on her or his performance. Such feedback must be given at least four times within the assessment period. If the employee's performance is satisfactory, then you can give the feedback verbally. However, if the employee's performance is unsatisfactory, it must be given in writing.

You need to conduct assessments at least twice in the six months before the employee's annual formal performance assessment date.

A written assessment must be made on the annual date, using the instrument referred to in PSR VIII.C.

## Manage poor performance

If an employee has performed poorly, the supervisor must inform him/her of the reasons in writing. Provision should be made for the employee to refuse to sign a performance assessment instrument.

You need to identify and communicate to your employees what route of appeal they can follow if they are unhappy with the performance assessment. If employees want to appeal against an assessment, then they must be allowed to bring a colleague or trade union representative to assist them during the appeal process.

The supervisor must also provide remedial and systematic support to assist employees to improve their performance. Or, you must consider steps to discharge the person because they are unfit or incapable of carrying out their duties in compliance with the *Labour Relations Act*.

As a supervisor, you should consider the following five basic steps to manage poor performance:

**1. Agree on problem**

Identify and reach mutual agreement that the performance of the employee has fallen short of your agreed objectives and targets.

**2. Identify reasons**

Identify the reasons for the shortfall, but don't try to attach blame to anyone.

**3. Agree on action**

Agree on the corrective action that needs to be taken.

**4. Implement corrective action**

Identify and support the corrective action, for instance by making arrangements for training or additional resources.

**5. Monitor progress**

Monitor the employee's progress and give feedback. It is also important to encourage individual employees to monitor their own performance and to identify possible further action that could remedy their poor performance. This can be described as a 'self-managed learning process'.

**Provide incentives for good performance**

Heads of departments may implement financial incentive schemes for their departments. You should study the regulations to see what the minimum requirements are.

**PILOTING A PERFORMANCE MANAGEMENT SYSTEM**

Before implementing the system that you have selected for your department, it must be piloted.

Piloting must be conducted on groups of employees in all occupational classes to enable reasonable validity. It should also include consultation with employee organisations.

**TRANSITIONAL ARRANGEMENTS**

The Regulations will come into effect on 1 July 1999. The transitional arrangements for their implementation allow departments time until March 31, 2001 to select, pilot and establish their own performance management systems. Keep in mind that you will need to administer the existing system while piloting the envisaged one.

You should note that on January 29, 1999 the Public Service Co-ordinating Bargaining Council adopted a resolution called the *Agreement on Remunerative Allowances and Benefits*. Paragraph XXXV of this resolution noted:

"The current dispensation on merit bonuses and other forms of recognition of outstanding performance, innovations or achievements shall remain in force until the parties negotiate, in line with the requirements of the *Labour Relations Act* of 1995, a new agreement on the topic."

This "current dispensation" to which the agreement refers, is essentially Chapter B.XII of the *Public Service Staff Code*.

The parties in the Bargaining Council agreed to commence negotiations within three months of the date on which the agreement was signed (29 January 1999), or within three months from the date when the new Regulations come into effect, whichever is later.



# P PERFORMANCE

## AGREEMENTS FOR SENIOR MANAGERS

### INTRODUCTION

This guideline aims to help you understand the context within which performance agreements for senior managers are being implemented. It will also give you guidance about implementing and managing them.

This guideline looks at the following issues:

- The mandate for performance agreements
- Why performance agreements are necessary
- Performance agreements and remuneration
- Assessment systems
- Administrative guidance
- Employment contracts
- Provision for those who choose not to enter performance agreements.

Additional guidelines about how to reward the performance of senior managers will be issued separately by the Minister for the Public Service and Administration. They will be provided together with the parameters within which salary increases can be awarded to senior managers.

### THE MANDATE FOR PERFORMANCE AGREEMENTS

The mandate to implement performance agreements comes from Resolution 13 of 1998 of the Public Service Co-ordinating Bargaining Council. Measures that have been included in the *Public Service Laws Amendment Acts* of 1997 and 1998 and the Regulations will further supplement the resolution. Collectively they will form the regulatory framework in terms of which performance agreements must be implemented and managed.

### WHY PERFORMANCE AGREEMENTS ARE NECESSARY

There are various reasons for implementing performance agreements. They will be useful in the following ways:

- Assist an executing authority and top management of a department to manage the performance of senior managers in accordance with the needs and circumstances of the department;
- Assist in aligning the performance objectives of senior managers with the strategic plan of the department;
- Assist senior managers (level 13 and upwards excluding professionals) in defining their key responsibilities and priorities;
- Improve communication between senior managers and their supervisors regarding the setting and measuring of performance outputs; and
- Provide performance related pay for senior managers through individual consultation rather than collective bargaining.

## **PERFORMANCE AGREEMENTS AND REMUNERATION**

### **Guidelines by the Minister**

The guidelines that will be issued by the Minister for the Public Service and Administration will contain, among other, information about:

- The percentage salary increase that may be awarded to senior managers who perform acceptably or better;
- Commencing salaries for senior managers; and
- Minimum and maximum salaries.

### **Awarding higher salaries**

Should your department decide to award higher salaries or increases than those provided for in the guidelines from the Minister, you will have to report such instances to the Minister, annually by 30 September.

Departments will have to budget for the envisaged salary increases of their senior managers. Also note that second and third notches are no longer applicable to senior managers.

### **Granting efficiency rewards**

At the moment there is an efficiency reward system in place for senior managers. It is envisaged that this will be replaced by a system of performance related incentives (cash bonus). Discussions will be initiated with the employee organisations on this matter. In the interim, you should continue the practice of paying efficiency rewards to senior managers where applicable.

## **ASSESSMENT SYSTEM TO SUPPLEMENT PERFORMANCE AGREEMENTS**

The implementation of performance agreements has created a way to determine the acceptable performance of a senior manager. Salary increases and incentives for senior managers will be based on performance alone. Each department must therefore develop its own performance assessment system to supplement performance agreements. You will use this supplementary system to award salary increases higher than that indicated in the guideline issued by the Minister. Your performance assessment system should be in place by 31 March 2001.

## **ADMINISTRATIVE GUIDANCE**

### **Suggested approach to performance agreements**

The executing authority and head of department should agree on frameworks and timeframes to structure and guide consultation between managers and supervisors on the outputs for the next financial year. Only after the strategic and business plans for the department have been finalised should performance agreements be determined.

### **Managing performance agreements**

You need to ensure that your department pays attention to the following tasks:

- Senior managers must sign their performance agreements within 3 months of their appointment/assumption of duty;
- You must keep record of all performance agreements on personal file;
- You must provide copies of signed agreements to the Department of Public Service and Administration by 31 July annually; and
- All new appointments must be made subject to the signing of performance agreements, and the guideline provided by the Minister.

### **Elements of a Performance Agreement**

Performance agreements should include the following elements:

- Key performance areas of the senior manager;
- Resources, including human and financial resources, that are available to him/her;
- Responsibilities and delegations attached to the post;
- Output assessment criteria that will be used to evaluate performance;
- Dates that assessment and progress reports will be done;
- Training support available;
- Dispute resolution mechanism that is available;
- Applicable incremental date; and the

- Signatures of those concerned.

## **EMPLOYMENT CONTRACTS**

Performance agreements and employment contracts serve different purposes. The performance agreement is a performance management tool. The employment contract normally contains the conditions of employment which are applicable to the employee. All employees must have employment contracts.

## **PROVISION FOR THOSE WHO CHOOSE NOT TO ENTER INTO PERFORMANCE AGREEMENTS**

Senior managers who have chosen not to enter into performance agreements are still subject to collective agreement concerning their salary increases and other compensation benefits.



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